

# State of South Dakota

SEVENTY-FOURTH SESSION  
LEGISLATIVE ASSEMBLY, 1999

491C0496

## SENATE BILL NO. 111

Introduced by: Senators Paisley and Everist and Representatives Koskan, Diedrich (Larry), and Wilson

1 FOR AN ACT ENTITLED, An Act to establish certain provisions regarding the taxation of the  
2 gross receipts of a professional employer organization.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 For the purposes of this chapter, gross receipts of a professional employer organization  
7 includes only those amounts received as separately-stated administrative fees from a client  
8 company, whether on a fee-for-service basis or as a percentage of total receipts from the client  
9 company. The gross receipts do not include any other amounts paid by the client company to the  
10 professional employer organization, including those amounts which are paid to or for the benefit  
11 of any contract employee, such as wages, salaries, payroll taxes, payroll deductions, workers  
12 compensation costs, insurance premiums, benefits, and other similar expenses.

13 Section 2. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as  
14 follows:

15 The provisions of this Act do not apply to the providing of temporary help services or any  
16 other arrangement whereby a firm temporarily assigns employees of the firm to support or

1 supplement a client company's regular work force.

2 Section 3. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as  
3 follows:

4 For the purposes of this Act, the term, professional employer organization, means a firm  
5 which provides services to a client company under an arrangement whereby it assumes employer  
6 responsibility for payroll, benefits, and other human resources functions, with no restrictions or  
7 limitations on the duration of employment.

8 Section 4. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as  
9 follows:

10 For the purposes of this Act, the term, client company, means a person that enters into a  
11 contract with a professional employer organization under the terms of which the professional  
12 employer organization, for a fee, provides services as a professional employer organization.

13 Section 5. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as  
14 follows:

15 For the purposes of this Act, the term, contract employee, means an employee performing  
16 services under an arrangement with a professional employer organization.